

BENEFITS NEWS

An Information Publication for State of California Employees

Save Money with a FlexElect Reimbursement Account

Everyone knows there are some medical bills health insurance doesn't cover, such as office visit copays. But you may not know about a great benefit available to most State employees that allows you to pay these bills with pre-tax income. It's called a **Medical Reimbursement Account**.

Do you pay someone to take care of your children, spouse, or elderly parents so you can work? If you do, a **Dependent Care Reimbursement Account** may save you money.

The FlexElect Program offers both kinds of accounts. You can sign up for one or both accounts during Fall Open Enrollment (September 17 through October 12, 2007) or, if you're a new employee, within your first 60 days.

Who's eligible?

State employees with a permanent appointment and a time base that's half-time or greater are eligible to enroll in a FlexElect account. Permanent-intermittent employees are not eligible to enroll. Check with your personnel office if you have questions on eligibility.

How does a FlexElect account work?

When you enroll, you authorize a monthly deduction from your paycheck, based on your best estimate of the coming year's eligible expenses. Then, after you incur an eligible expense, you submit a claim to the FlexElect third party administrator, and a reimbursement check will be mailed to you.

What's the tax advantage of FlexElect?

Money deducted from your paycheck for a FlexElect account is not taxable, nor are the reimbursement payments. That means you can reduce the amount of income tax you pay by enrolling in a FlexElect reimbursement account.

Medical Reimbursement Account

The Medical Reimbursement Account covers out-of-pocket health-related expenses for you, your spouse, and your dependents. The minimum monthly deduction is \$10. The maximum is \$5,000 per year, per person.

What expenses can I pay for with a medical account?

You may claim reimbursement for uninsured medical services/supplies received during the calendar year for which you are enrolled. Here are a few examples of eligible expenses:

- ✓ Copays for office visits and prescriptions (but **not** out-of-pocket health premiums)
- ✓ Lab fees
- ✓ Orthodontic work
- ✓ Eye glasses and contacts
- ✓ Laser eye surgery
- ✓ Hearing aids and exams
- ✓ Transportation for medical care
- ✓ Smoking-cessation programs

Dependent Care Reimbursement Account

A Dependent Care Reimbursement Account can be used if you pay someone to take care of your dependents so you can go to work. The minimum monthly deduction is \$20. The maximum is \$5,000 per year, per household.

You need to be aware that if you enroll in a Dependent Care Reimbursement Account, you cannot claim the dependent care tax credit when you file your tax return. For this reason, you need to first decide whether you'll get a better tax break using a reimbursement account **or** claiming these expenses as a tax credit. Check with a tax advisor if you have questions.

What expenses can I pay for with a dependent care account?

Expenses for child care, elder care, and care for a disabled dependent are reimbursable if the care is necessary for you to work. If you're married, your spouse must also work, unless he or she is a full-time student or physically or mentally incapable of caring for himself or herself. For child care expenses to qualify, your child must be a dependent **under the age of 13** when the child care is provided. There is no age limit if your child is disabled. If you need help figuring out whether your expenses qualify for reimbursement, check the FlexElect Handbook, IRS Publication 503, or consult a tax advisor.

2007 Open Enrollment Period

For most employees, the time to enroll is during Fall Open Enrollment: September 17 – October 12, 2007. Enrollments during this time will take effect on January 1, 2008. The 2008 "Plan Year" runs from January 1 through December 31, 2008.

Outside the open enrollment period: If you become "newly eligible" (new hire, or change to an eligible time base), you have 60 days from that date to enroll in a FlexElect reimbursement account.

For More Information

If you need more information, the FlexElect Handbook is available on the Department of Personnel Administration's Web site at www.dpa.ca.gov (under Publications).



For More Information

DPA Benefits Division
(916) 322-0300

ARAG Group
Group Legal Services Plan
1-800-247-4184

Dental Program
(916) 324-0525

Employee Assistance Program
MHN (Managed Health Network)
1-866-327-4762

FlexElect Program
(916) 327-6429

Health Promotion Program
(916) 324-9398

Merit Award Program
(916) 324-0522

Pre-Tax Parking
(916) 324-0526

Rural Health Care Program
(916) 327-1439

Savings Plus Program
1-866-566-4777
www.sppforu.com

Travel & Relocation and
Vanpool Programs
(916) 324-0526

Vision Service Plan
1-800-877-7195

Workers' Compensation Program
(916) 445-9792

DPA Fax Numbers

Benefits Division
(916) 322-3769

Savings Plus Program
(916) 327-1885

TDD (Any unit in DPA)
(916) 327-4266

Internet Address

www.dpa.ca.gov